

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
AID-05 HA-05 /078 W
-----076338 051623Z /43

P R 051415Z JUN 78
FM AMCONSUL SAO PAULO
TO SECSTATE WASHDC PRIORITY 8561
INFO AMEMBASSY BRASILIA
AMCONSUL RIO DE JANEIRO

C O N F I D E N T I A L SECTION 1 OF 2 SAO PAULO 1613

E.O. 11652: GDS
TAGS: PGOV, BR
SUBJ: SAO PAULO ARENA NOMINATES DISSIDENT GUBERNATORIAL CANDIDATE

REF: SAO PAULO 1480, SAO PAULO 1608

1. SUMMARY: THE ARENA GUBERNATORIAL CONVENTION SELECTED ON JUNE 4 EX-SAO PAULO MAYOR PAULO SALIM MALUF AS ITS CANDIDATE OVER FORMER GOVERNOR LAUDO NATEL, WHO WAS OFFICIALLY INDICATED AS THE GOVERNMENT'S CHOICE BY PRESIDENT GEISEL AND PRESIDENT-DESIGNATE GEN. JOAO BAPTISTA FIGUEIREDO. IT IS THE FIRST TIME SINCE 1964 THAT THE GOVERNMENT PARTY HAS THWARTED THE PRESIDENT'S CHOICE OF A GUBERNATORIAL CANDIDATE. THE NOMINATION IS A BLOW TO FIGUEIREDO'S PRESTIGE, WHO IS CLOSELY LINKED IN SAO PAULO TO LAUDO NATEL. THE FIGHT OVER THE NOMINATION IS EXPECTED TO CONTINUE IN THE COURTS. NATEL'S SUPPORTERS SUCCESSFULLY BROUGHT A REQUEST TO DISQUALIFY MALUF'S NOMINATION BEFORE THE ELECTORAL COURT, CLAIMING THAT HIS NOMINATION PETITION WAS IRREGULAR. THE NOMINATION OF MALUF MAY ALSO STIMULATE THE MDB TO NOMINATE A CANDIDATE, DUE TO WIDESPREAD PUBLIC DISLIKE OF MALUF AND TO THE DEEP DIVISIONS IN ARENA: END SUMMARY.

2. DISSIDENT ARENA CANDIDATE PAULO MALUF WAS NOMINATED FOR GOVERNOR
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BY THE PARTY AT A CONVENTION ON JUNE 4. HE DEFEATED FORMER GOVERNOR LAUDO NATEL, WHO HAD BEEN OFFICIALLY INDICATED FOR NOMINATION
BY PRESIDENT GEISEL AND PRESIDENT-DESIGNATE GEN. JOAO BAPTISTA FIGUEIREDO. THE CHOICE IS A BLOW TO FIGUEIREDO'S PRESTIGE. HE HAD REPORTEDLY INSISTED ON NATEL AGAINST THE OPPOSITION OF PRESENT GOVERNOR PAULO EGYDIO MARTINS AND PRESIDENT GEISEL.

(IT IS WIDELY RUMORED THAT GEISEL INDICATED ALL THE GOVERNORS EXCEPT NATEL.) NATEL HAD SOLD HIMSELF TO BRASILIA AS THE CANDIDATE WITH THE LARGEST FOLLOWING IN THE STATE.

3. WHAT HAPPENED? NATEL DID HAVE STRONG ELECTORAL SUPPORT, ESPECIALLY IN THE INTERIOR AND ESPECIALLY AMONG THE ELECTORATE. HE WAS REPORTEDLY WEAK WITHIN THE ARENA PARTY AND HAD CULTIVATED VOTES FROM THE PEOPLE RATHER THAN FROM PARTY DELEGATES. THERE WAS A GREAT EXPECTATION AMONG THE ARENA DELEGATES, AFTER THE ELECTORAL

CHANGES DECREED BY PRESIDENT GEISEL IN APRIL 1977, THAT THE PARTY NOMINATING CONVENTIONS WOULD BE FREE. THAT WAS THE POLITICAL BARGAIN THAT DELEGATES FELT HAD BEEN STRUCK IN EXCHANGE FOR CHANGING THE ELECTION OF GOVERNOR FROM DIRECT TO INDIRECT. WHEN IT BECAME APPARENT THAT PRESIDENT GEISEL, WITH FIGUEIREDO AND ONE OR TWO OTHERS, INTENDED TO CHOOSE THE GOVERNORS AND OBLIGE THE PRESENT GOVERNORS AND THE STATE CONVENTIONS TO MERELY RATIFY THE CHOICE, REVOLT BROKE OUT. VARIOUS ARENA FACTIONS LAUNCHED CANDIDATES: FORMER GOVERNOR ABREU SODRE BACKED SAO PAULO CITY COUNCILMAN SAMPAIO DORIA; FARIA LIMA FOLLOWERS BACKED YOUNG FEDERAL DEPUTY JOSE ROBERTO DE FARIA LIMA. PAULO SALIM MALUF, WHO HAS SUPPORT IN THE SAME AREAS AS LAUDO NATEL, DID NOT BELONG TO ANY OF THESE GROUPS. AS OF THE APRIL 1977 ELECTORAL CHANGES, HE BEGAN CULTIVATING DELEGATES TO THE ARENA CONVENTION. LAST MONTH, THE FEDERAL GOVERNMENT CHANGED THE LAW CONCERNING NOMINATIONS, REQUIRING A PETITION WITH AT LEAST 10 PERCENT OF THE DELEGATES SIGNING TO ENTER

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A NAME FOR CONSIDERATION AT THE CONVENTION. MALUF WAS THE ONLY DISSIDENT CANDIDATE TO MEET THAT QUALIFICATION AND BECAME THE BENEFICIARY OF THE OTHER DISSIDENT GROUPS' OPPOSITION TO THE GOVERNMENT'S MANIPULATION OF THE GUBERNATORIAL SELECTION.

4. GEN. FIGUEIREDO APPARENTLY BECAME ALARMED ABOUT THE DANGERS OF THE SAO PAULO SITUATION ONLY DURING THE PAST WEEK. PRESIDENTIAL SPOKESMAN COL. LUDWIG AT FIRST STATED THAT ONLY THE INDICATION OF THE PRESIDENT-DESIGNATE WAS "REVOLUTIONARY" -- HE QUALIFIED THE GUBERNATORIAL INDICATIONS AS "PARTICIPATORY" -- THEN HEDGED THE LATTER STATEMENT WHEN IT APPEARED TO BE A GREEN LIGHT SIGNAL FOR DISSIDENTS. LAUDO NATEL, WHO HAD COMPORTED HIMSELF AS IF THE ELECTION WERE DIRECT, INSISTED THAT HIS NOMINATION WAS "REVOLUTIONARY", IMPLYING THAT THE GOVERNMENT WOULD REACT SHOULD HE NOT BE NOMINATED. FIGUEIREDO SENT A TELEGRAM TO

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L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
AID-05 HA-05 /078 W
-----076589 051624Z /43

P R 051415Z JUN 78
FM AMCONSUL SAO PAULO
TO SECSTATE WASHDC PRIORITY 8562
INFO AMEMBASSY BRASILIA
AMCONSUL RIO DE JANEIRO

C O N F I D E N T I A L SECTION 2 OF 2 SAO PAULO 1613

EVERY SAO PAULO DELEGATE, URGING THEM TO VOTE FOR NATEL. ON THURSDAY, VARIOUS SAO PAULO ARENA LEADERS WERE CALED TO BRASILIA BY CIVIL HOUSEHOLD CHIEF GEN. GOLBERY TO MEET WITH FIGUEIREDO. KEY AMONG THEM WAS RAFAEL BALDACCI, WHO HAD LONG BEEN AT ODDS PERSONALLY WITH NATEL, AND WHO HAD ALSO COMPETED FOR THE INDICATION. NATEL HAD REJECTED BALDACCI'S INITIATIVE TO MEND FENCES BEFORE THE INDICATION WAS ANNOUNCED. BALDACCI WAS REPORTEDLY OFFERED HIS CHOICE OF SEVERAL POSITIONS IN THE STATE OR FEDERAL GOVERNMENT, BUT HE SIMPLY REPEATED HIS FORMAL SUPPORT FOR THE OFFICIAL CANDIDATE. (DELEGATES LOYAL TO BALDACCI, LIKE DELEGATES LOYAL TO OTHER STATE POLITICAL LEADERS, VOTED FOR MALUF.) NATEL REPORTEDLY CHANGED HIS TICKET, PROPOSING TOURISM SECRETARY RUI SILVA AND VICE-GOVERNOR MANUEL FERREIRA FILHO FOR VICE-GOVERNOR AND INDIRECT SENATOR. THE APPEAL TO GOVERNOR PAULO EGYDIO BACKFIRED. HE PUT OUT A NOTE STATING THAT HIS NAME WAS NOT TO BE USED IN CONNECTION WITH SUPPORT FOR NATEL.

5. WHAT NOW? THERE ARE A NUMBER OF OFFICIALLY-INSPIRED POTENTIAL ACTIONS AGAINST MALUF'S CANDIDACY. NATEL'S SUPPORTERS, JUST BEFORE THE CONVENTION OPENED, REQUESTED THAT THE PARTY DISQUALIFY MALUF ON THE BASIS OF AN IRREGULAR NOMINATION PETITION. THAT REQUEST IS BEFORE THE ELECTORAL COURT AND SHOULD BE RULED UPON EARLY THIS WEEK. THE GOVERNMENT IS ALSO PRESSING CHARGES AGAINST
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MALUF'S WIFE AND HER FAMILY, OWNERS OF THE BANKRUPT LUTFALLA TEXTILE FIRM. IT HAS FROZEN THE FAMILY'S PERSONAL ASSETS AS A LEIN ON GOVERNMENT LOANS TO THE FIRM. SECOND ARMY COMMANDER, GEN. DILERMANDO GOMES MONTEIRO, TOLD CONGEN CHAPIN DURING FAREWELL CALL, THAT MALUF WOULD NOT BE ALLOWED TO TAKE OFFICE, IF NOMINATED.

6. COMMENT: THE NOMINATION OF MALUF WAS THE FRUIT OF
OPPOSITION TO THE FEDERAL GOVERNMENT'S METHODS MORE THAN IT WAS
AN EXPRESSION OF SUPPORT FOR MALUF, WHO IS WIDELY
CONSIDERED IN THE STATE TO BE CORRUPTGM
MOREOVER, MALUF DOES NOT HAVE DEEP POPULAR SUPPORT. FOR THESE
REASONS, THE MDB IS ASSESSING THE POSSIBILITY OF NAMING ITS OWN
CANDIDATE, EITHER SEANTOR ORESTES QUERCIA OR SENATOR FRANCO
MONTORO. THE MDB IS EXPECTED TO WAIT TO DECIDE UNTIL THE FEDERAL
GOVERNMENT ACCEPTS MALUF'S NOMINATION. IF MALUF IS REMOVED,
AND ANOTHER CANDIDATE IMPOSED, THAT DECISION IS EXPECTED TO AFFECT
NOT ONLY THE MDB'S DECISION IN SAO PAULO, BUT ALSO THE WHOLE
PROCESS OF A DEMOCRATIC OPENING.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PARTY MEETINGS, ELECTION CANDIDATES, LOCAL ELECTIONS, DISSIDENT FACTIONS, POLITICAL PARTIES
Control Number: n/a
Copy: SINGLE
Draft Date: 05 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978SAOPA01613
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780234-0731
Format: TEL
From: SAO PAULO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780695/aaaadeet.tel
Line Count: 183
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ed7e3d92-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 SAO PAULO 1480, 78 SAO PAULO 1608
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2488522
Secure: OPEN
Status: NATIVE
Subject: SAO PAULO ARENA NOMINATES DISSIDENT GUBERNATORIAL CANDIDATE
TAGS: PGOV, PINT, BR, ARENA, (SALIM MALUF, PAULO)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/ed7e3d92-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014